

February 5, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FEDERAL AGENDA FOR THE SECOND SESSION OF THE 107TH CONGRESS
(3-VOTES)**

This letter is to recommend updated Federal goals and policies for the second session of the 107th Congress. These goals and policies, together with other positions previously adopted by your Board, would guide our Federal advocacy efforts this year. They have been developed in coordination with County Departments, the Legislative Strategist, and our Washington, D.C. advocates.

THEREFORE, IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the updated overall Federal goals and policies for the year, which seek to maximize our Federal revenues, secure greater flexibility over the use of Federal funds, lessen the adverse impact of Federal policies on County costs, and also approve funding priorities for individual appropriations bills which are identified in Attachment I and specific legislative policies which are presented in Attachment II.
2. Instruct the Chief Administrative Officer, affected departments, the Legislative Strategist, and the County's Washington, D.C. advocates to work with our Congressional delegatio'n, other State and local governments, and interest groups to pursue the goals and policies in this Federal Agenda.

INTRODUCTION

Responding to the terrorist acts of 2001 still is likely to dominate much of the domestic debate. State and local governments may receive additional resources to bolster their public health infrastructure. Without bipartisan cooperation, however, increases in other discretionary appropriations for County priorities, such as the State Criminal Alien Assistance Program (SCAAP), will be difficult to achieve. There also is a heightened risk that increased funding for anti-terrorism activities may be financed by offsetting cuts in state and local grant programs to avoid further increases in the Federal budget deficit.

This year, Congress is slated to reauthorize the Temporary Assistance for Needy Families (TANF) Block Grant, which aids needy families with children and is implemented in California through the CalWORKs program, and Food Stamps, which helps low income households purchase food. Major Medicaid financing issues will be raised again, including efforts to oppose lowering the Upper Payment Limit (UPL) for non-state public hospitals, increase the Federal Medicaid matching rate, and stop the reduction in annual state Medicaid disproportionate share hospital (DSH) allotments which are scheduled to take effect in Federal Fiscal Year (FFY) 2003.

The upcoming November elections and political struggle for control of the House and Senate also will affect this year's Congressional agenda and the outcome of issues in unforeseen ways. Congressional action on County issues ultimately will take place in a political climate requiring a delicate balancing between the two parties, and among competing interests and various coalitions.

Securing increased funding for the County's health care system will continue to be a major focus of our advocacy efforts. In addition, securing funds to improve the County's emergency preparedness and response capabilities and to mitigate the impact of State budget cuts will be priorities this year. To stimulate the local economy, legislation also will be pursued that would accelerate or increase spending on public works and infrastructure projects, especially those which would improve public health and public safety, mitigate hazards, reduce energy usage, or improve transportation.

OVERALL FEDERAL LEGISLATIVE PRINCIPLES AND GOALS

Federal revenues account for over one-fifth of total County revenues and much of our State revenues are determined by Federal policies which govern programs, such as Medicaid, CalWORKs, and foster care. County costs also are affected directly by Federal mandates and indirectly by Federal policies on immigration, the economy, health, and welfare. Under State law, the County is mandated to provide General Relief

and medical assistance to indigent residents who are ineligible for Medicaid, Supplemental Security Income, TANF, and other Federal public assistance programs.

In light of the State's budget deficit, maintaining or increasing Federal funding is even more important this year. However, it will be more difficult to secure additional Federal revenue to offset State and local revenue losses as the County successfully did in the 1990s. The Medicaid UPL and statewide and hospital specific DSH caps limit the amount of Federal Medicaid revenue that the County may secure. Also, unlike the Aid to Families with Dependent Children (AFDC) Program under which Federal aid grew automatically to match rising state and local costs, annual TANF allotments to states are capped, and there is no requirement for the State to increase its contribution when caseloads or needs increase.

It also continues to be important that California receive a more equitable share of Federal resources. Since 1987, California has been a "donor" state which contributes far more in Federal taxes than it receives in Federal spending. In 1999, Federal taxes collected in California exceeded Federal spending in the State by over \$23 billion. One contributing factor is that California receives the least amount of Federal Medicaid payments per recipient of any state, and California is likely to fare even worse relative to other states next year. This is because, under current law, the State's Federal Medicaid matching rate, which is tied to per capita income, will drop from 51.4 percent in FFY 2002 to 50 percent in FFY 2003. California will lose roughly \$400 million in Medicaid funds in FFY 2003.

Accordingly, the County's Federal agenda must focus on the following principles:

- ★ Maximize Federal revenues.
- ★ Secure greater flexibility over the use of Federal funds.
- ★ Lessen any adverse impact of Federal policies on County costs and decision-making authority.

The County will pursue these principles in the context of a Federal budget climate where it continues to be difficult to preserve the base level of Federal revenue to the County, let alone increase revenues. Adoption of these overall legislative policies will allow the County's Washington, D.C. advocates to respond quickly to legislation and proposals that could significantly affect the County.

To achieve these overall principles, the County will pursue the following legislative positions:

1. Support proposals which would provide a greater share of total available Federal program funding to the County or California, and oppose proposals which would reduce the County's or State's share of total funding.
2. Support proposals which would provide local governments with greater decision-making authority over the use of Federal funds, and which provide for direct grants or mandatory pass-through allocations to large urban counties.
3. Oppose proposals which would impose new unfunded mandates on the County.
4. Give priority to increasing or preserving Federal funding for programs and activities that ensure equitable treatment of the County and/or California.
5. Oppose proposals which would finance increased spending for one program by cutting other programs of greater benefit to the County, or which would result in a net revenue loss or cost shift to the County.

SPECIFIC POLICIES ON FEDERAL ISSUES OF COUNTY INTEREST

County funding priorities for individual appropriations bills, which set funding for discretionary programs, are identified in Attachment I. Specific recommended legislative policies for Federal authorization and reform legislation of County interest are identified in Attachment II. These policies cover major issues which may be addressed by Congress this year, such as Medicaid reforms, anti-terrorism, immigration, employment and training, housing and community development, transportation, and reauthorization of the TANF, SCAAP and Food Stamps programs.

The recommended policies also reaffirm many existing Board policies and are consistent with the County's overall Federal goals stated above.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The proposed goals and policies in this Federal Agenda are consistent with the County's Strategic Plan Goals, specifically Organizational Effectiveness and Fiscal Responsibility. Adoption of the proposed Agenda will allow the CAO and the County's Washington, D.C. advocates to respond quickly to legislation and proposals that could significantly affect the County, such as potential new mandates and changes in program

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funding or local flexibility over the use of Federal funds. In addition, adoption will allow pursuit of legislation, and/or support of proposals, related to specific program areas to improve the efficiency and effectiveness of County programs.

CONCLUSION

The recommended policies contained in this letter and in Attachments I and II are submitted for your Board's consideration as the guiding principles for our advocacy efforts in Washington, D.C. during the second session of the 107th Congress. The policies and goals contained in this package are in addition to, and are not intended to be exclusive of, other positions your Board may adopt. As in the past, the Federal Agenda will be updated to reflect any subsequent actions taken by your Board.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:GK
MT:md

Attachments

c: Executive Officer, Board of Supervisors
 County Counsel
 Auditor-Controller
 All Departments
 Legislative Strategist